

A METHOD AND SYSTEM FOR SELECTING AN OPTIMAL AUCTION
FORMAT

ABSTRACT OF THE DISCLOSURE

5 The present invention provides an automated estimation and
optimization solution for selecting the best auction format. An embodiment
of the present invention provides a method and system that determines the
latent elements of the auction environment taking into account the strategic
and information conditions with minimal assumptions on the distributions
10 of unobserved random elements. In one embodiment of the present
invention, structural analysis of bid data from prior auctions is used to
identify and estimate the distributions of bidders' private signals conditional
on observable bidder characteristics. In one embodiment, the estimated
signal distributions, identified by the structural analysis, are used to
15 evaluate alternative auction formats and to select the best format from
among a given set of candidates. In one embodiment, the present invention
provides decision support tools to select an auction format based on
structural econometric analysis of available data on the market
environment. The present invention allows a decision-maker to estimate
20 the unobservable private signals of the bidders and to determine the best
auction format the decision maker can employ to sell a given set of items.